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FONG: RATINGS UPGRADE WILL SAVE MILLIONS **S&P Upgrades California Bond Rating on Eve of RANs Sale**

SACRAMENTO--State Treasurer Matt Fong today said that a second major credit rating agency upgrade of California's bond rating, and strong presale interest in Tuesday's sale of \$3 billion in revenue anticipation notes (RANs) is further evidence of California's solid economic position.

Fong said that Standard & Poor's has upgraded the state's bond rating from A to A+, joining Fitch Investors Service as firms which have recognized California's improved fiscal picture.

"This is the latest chapter in California's comeback story," said Fong. "A ratings upgrade will save California taxpayers millions of dollars in debt service costs over the coming years."

Three billion dollars in short-term notes were brought to market today by the state to help it meet its short-term cash needs. Standard & Poor's, Moody's and Fitch all granted their highest unenhanced ratings for the RANs, equivalent to AAA ratings for long-term notes. In 1994-1995, the state paid \$30 million for credit enhancements to achieve the highest short-term credit rating.

Fong credited several factors for the upgrade, including the state's economic recovery. "California has redefined herself. Small, entrepreneurial firms and the state's leadership in trade and commerce, high-tech, entertainment, multi-media, agriculture, and bio-tech firms are creating more high paying jobs.

"The governor and legislature are to be commended for managing their way through a difficult fiscal period in California history. Together, we've worked to expand the state's economy and strengthen California's competitive position while keeping the cost of government under control," said Fong.

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